

**State of Utah****Department of
Natural Resources**

MICHAEL R. STYLER
Executive Director

**Division of
Oil, Gas & Mining**

JOHN R. BAZA
Division Director

JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

September 1, 2006

Kyla Vaughan
XTO
2700 Farmington Ave
Building K, Suite #1
Farmington, New Mexico 87401

Subject: Processing of Post Mining Land Use Change and Phase III Bond Release Des-Bee- Dove Mine, PacifiCorp, C/015/0017, Outgoing File

Dear Ms. Vaughan:

This letter is to explain to the current status of the Energy West Mining Company (EW) coal mining permit at the Des-Bee-Dove Mine. The Division is in receipt of applications for a Post Mining Land Use (PMLU) change, and Phase III bond release for the site, dated August 11, 2006, and August 23, 2006, respectively. In discussions with the EW permitting group, it is EW's desire to follow this path for providing a major change to their permit, as compared to the process of a minor permit change via an amendment.

By the Division approving this PMLU permit change and the Phase III bond release for the proposed drilling site, the permittee goes through a process to actually remove the drilling area from their jurisdiction of responsibility under the coal mine permit. EW believes this is the most desirable action to pursue.

Coal mine permitting is an intricate and strict procedure that is often hard for those outside the process to comprehend. Since there have been many different discussions and meetings, it was appropriate to explain the current status of the EW coal mine permit and its effect on XTO's interest in placing a drill site at the site of the reclaimed mine. Thank you for your patience as we work through this process. If you have any questions in the meantime, please contact me at (801) 538-5306, or Pamela Grubaugh-Littig at (801) 538-5268.

Sincerely,

Mary Ann Wright
Associate Director, Mining

cc: C. Semborski, EW Mining
Alice Carlton, USFS
Mesia Nyman, USFS
Jim Kohler, BLM
Steve Rigby, BLM
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